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OFFICE OF THE AUDITOR-GENERAL

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BY:

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OF

Hon. Silvanus Osoro

PRESENT AT
THE TABLE:

Irene Nduku

THE AUDITOR-GENERAL

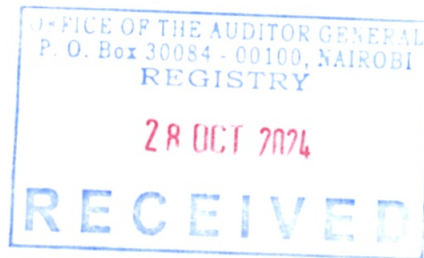
ON

**PROMOTION OF YOUTH EMPLOYMENT
THROUGH SCHOLARSHIPS PHASE II ("WINGS
TO FLY IV") PROJECT NO. BMZ-NO. 2018 67 399**

**FOR THE YEAR ENDED
30 JUNE, 2024**

**STATE DEPARTMENT FOR BASIC
EDUCATION**

NATIONAL ASSEMBLY
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**PROJECT NAME: PROMOTION OF YOUTH EMPLOYMENT
THROUGH SCHOLARSHIPS PHASE II ("WINGS TO FLY IV")**

IMPLEMENTING ENTITY: STATE DEPARTMENT FOR BASIC EDUCATION

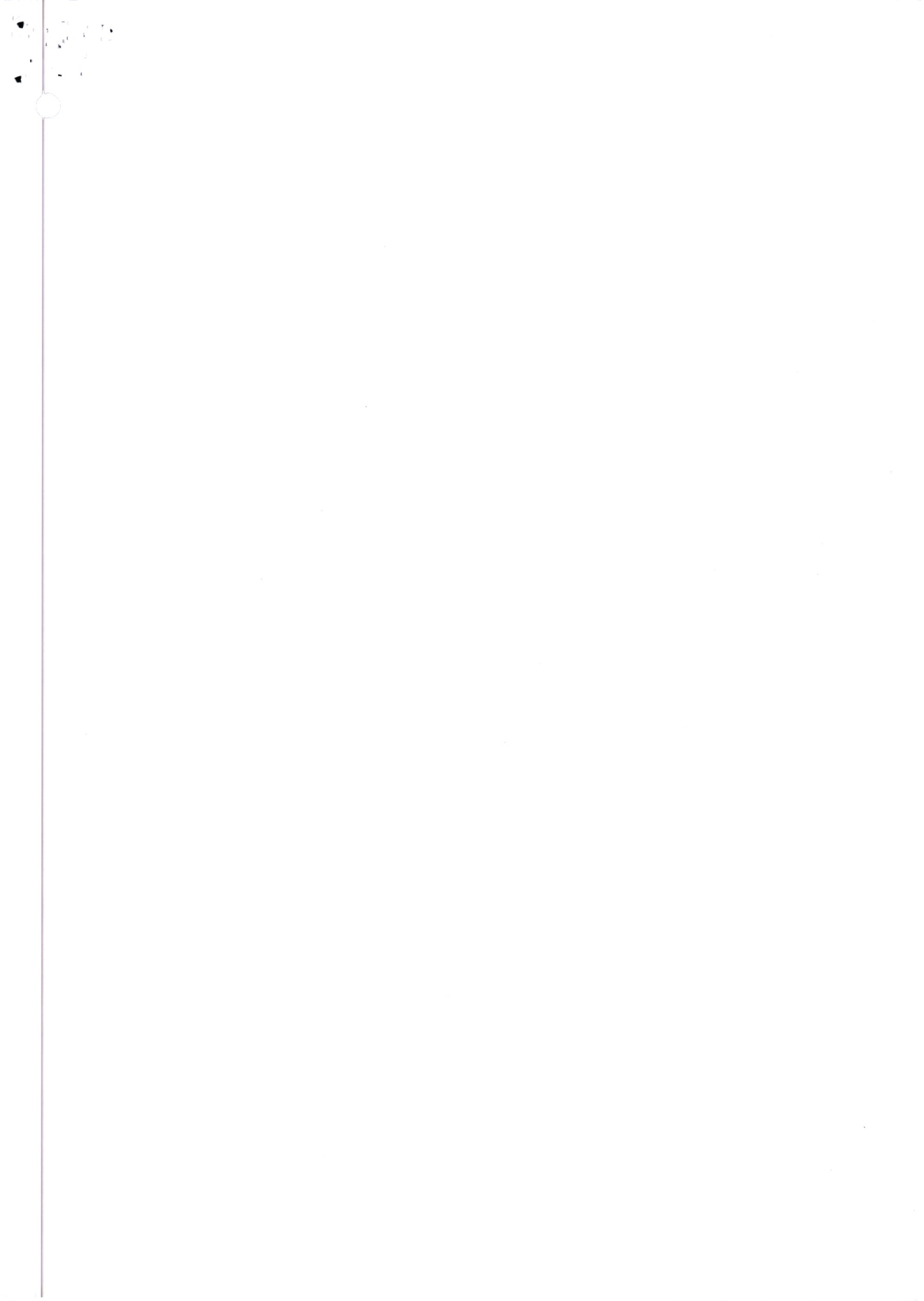
PROJECT GRANT/CREDIT NUMBER: BMZ- N0: 2018 67 399

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED

JUNE 30, 2024

**Prepared in accordance with the Cash Basis of Accounting Method under the International Public
Sector Accounting Standards (IPSAS)**



***Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024***

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Acronyms and Glossary of Terms

CBK	Central Bank of Kenya
ICPAK	Institute of Certified Public Accountants of Kenya
IMF	International Monetary Fund
IPSAS	International Public Sector Accounting Standards
NT	National Treasury
PFM	Public Finance Management.
PSASB	Public Sector Accounting Standards Board
Comparative FY	Financial year preceding the current financial year.

2. Project Information and Overall Performance

2.1 Name and registered office

Name: The project’s official name is **Wings to Fly – Promotion of Youth Employment through Scholarships Phase II- (“Wings to Fly IV”)**

Objective

The key objective of the project is to enhance access to secondary Education for poor but bright learners through provision of scholarships and Mentorship.

Address

The project headquarter offices are in Nairobi County, Kenya.

The address of its registered office is:

**Ministry of Education
State Department for Basic Education
Jogoo House “B”
Harambee Avenue
P.O Box 30040 - 00100 ,
Nairobi**

Contacts:

The following are the project contacts

P.O. Box: 30040 - 00100

Telephone: (254) 3318581

E-mail: ps@education.go.ke

Website: www.education.go.ke

*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Project information and overall performance (continued)

2.2 Project Information

Project Start Date:	30 March , 2021
Project End Date:	31 December , 2026
Project Manager:	Mrs. Clare Lokomol
Project Sponsor:	KFW- GERMANY

2.3 Project Overview

Line Ministry/State Department of the project	State department for Basic Education
Project number	BMZ-NO.2018 67 399
Strategic goals of the project	The goal of the project is to promote Kenyan youth employability through provision of scholarships to complete Secondary Education.
Summary of Project Strategies for achievement of strategic goals	The project management aims to achieve the goals through the following means: (i) Placement of scholars in Secondary schools through provision of scholarships. (ii) Mentorship and Leadership conferences. (iii) Monitoring and evaluation
Other important background information of the project	The project targets poor and vulnerable learners transitioning to secondary schools
Areas that the project was formed to intervene	The project was formed to intervene in the following problems/gaps: (i) Provision of scholarships and mentorship to poor but bright Secondary School learners.
Project duration	5 Years

Project Information and Overall Performance (Continued)

2.4 Bankers

The Project has no bank Account.

2.5 Independent Auditor

The project is audited by:
Auditor general,
Office of the Auditor general,
Anniversary Towers, University Way P.O. Box 30084, GPO 00100
Nairobi, Kenya

2.6 Roles and Responsibilities

Names	Title designation	Key qualification	Responsibilities
1.Elijah Mungai	Director	Master of Education Planning	Director Projects
2. Clare Lokomol	Assistance Director Education	Master of Education Admnistration.	Project Coordinator
3. Grace Njoki	Assistant Accountant General	CPA/(K),BCOM, Msc. Finance	Project Accountant

2.7 Funding summary

The Project is for a duration of 5 years from 2021 to 2026 with an approved budget of two million eight hundred thousand Euros equivalent to Kshs.308,000,000 as highlighted in the table below:

Project information and overall performance (continued)

Below is the funding summary:

A. Source of Funds

Source of funds	Donor Commitment		Amount received to date – (June 30,2024)		Undrawn balance to date 30, June 2024	
	Donor currency (Euro)	Kshs	Donor currency (Euro)	Kshs	Donor currency (Euro)	Kshs
	(A)	(A’)	(B)	(B’)	(A)-(B)	(A’)-(B’)
(i) Grant						
KFW-Germany	2,800,000	308,000,000	894,302	149,757,219	1,905,698	158,242781
Total	2,800,000	308,000,000	894,302	149,757,219	1,905,698	158,242781

*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

B. Application of Funds

Application of funds	Amount received to date – June 30,2024		Cumulative amount paid to date – June 30, 2024		Unutilised balance to date June 30,2024	
	<i>Donor currency (Euro)</i>	<i>Kshs</i>	<i>Donor currency (Euro)</i>	<i>Kshs</i>	<i>Donor currency (Euro)</i>	<i>Kshs</i>
	<i>(A)</i>	<i>(A')</i>	<i>(B)</i>	<i>(B')</i>	<i>(A)-(B)</i>	<i>(A')-(B')</i>
(i) Grant						
KFW – Germany	894,302	149,757,219	894,302	149,757,219	-	-
Total	894,302	149,757,219	894,302	149,757,219	-	-

Project information and overall performance (continued)

2.8 Summary of Overall Project Performance:

i) Budget Performance against actual amounts for the current year and cumulative to-date

The project achieved a budget absorption of 85.58% against the approved budget of Kshs. 175,000,000 set for the financial year ended June 2024. The Expenditure incurred for the year was Kshs. 149,757,219 being the first year of implementation at the State department.

ii) Physical progress based on outputs and outcomes since project commencement,

<i>Key Activities</i>	<i>Outputs</i>	<i>Outcome</i>
Provision of Scholarships to 315 learners.	First tranche of disbursement for 315 scholars released in Dec 2023	Placement and facilitation of scholars in Secondary Schools.

iii) Absorption rate for each year since the commencement of the project

The first disbursement was done in December 2023 for 315 scholars. The absorption rate was 85.58% for the year ended June 2024, this being the first year in which the project incurred expenditure.

iv) Implementation Challenges and the way forward

The main implementation challenge is lack of GoK counterpart contribution to facilitate monitoring of the project.

To address this, the State department will engage the National Treasury to request for budgetary support through incorporation of a GoK Counterpart component to help the state department with effective monitoring and management of the project.

2.9 Summary of Project Compliance:

The project complied with all the laws and regulations as required. We did not have any cases of non-compliance in the year under review

3. Statement of Performance against Project’s Predetermined Objectives

Introduction

Section 81 (2) (f) of the Public Finance Management Act, 2012 requires that, at the end of each financial year, the Accounting Officer when preparing financial statements of each National Government entity in accordance with the standards and formats prescribed by the Public Sector Accounting Standards Board includes a statement of the national government entity’s performance against predetermined objectives.

The key development objective of the project is,

1. The key objective of the project is to enhance access to secondary Education for poor but bright learners through provision of scholarships and mentorship.

Progress on the attainment of strategic development objectives

For purposes of implementing and cascading the above development objectives to specific sectors, all the development objectives were made specific, measurable, achievable, realistic and time-bound (SMART) and converted into development outcomes. Attendant indicators were identified for reasons of tracking progress and performance measurement.

Below we provide the progress on attaining the stated objectives

Project	Objectives	Outcome	Indicator	Performance
Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)	The key objective of the project is to enhance access to secondary Education for poor but bright learners through provision of scholarships and mentorship	Enhanced access and Retention of learners in Secondary Schools	Number of learners benefiting from the scholarships.	315 beneficiaries of the scholarship program Facilated.

4. ENVIRONMENTAL AND SUSTAINABILITY REPORTING

The project Promotion of Youth Employment through Scholarships Phase II (Wings to Fly IV”) exists to transform lives. This is our purpose; the driving force behind everything we do. It’s what guides us to deliver our strategy. Below is a brief highlight of our activities that drive towards sustainability.

i. Sustainability strategy and profile

The project is been implemented within the existing government structures to enhance strengthening of the system Government.

ii. Environmental performance

The project ensures that, in the implementation of its activities, no potential damage to the environment is incurred.

iii. Employee welfare

The welfare of staff under the project is covered in the existing human resource structures at the Ministry. Additionally, policy on safety and compliance with Occupational Safety and Health Act of 2007, (OSHA) is observed.

iv. Market place practices-

a) Responsible Supply chain and supplier relations-

The project offers scholarships through Equity Group Foundation as the implementing partner.

b) Responsible ethical practices

Implementation of the project is within the project Agreement.

c) Regulatory impact assessment

The State Department oversees the operations of the project as far as conducting Scholarships is concerned.

(v) Community Engagements

Community engagements is done during selection for Wings to Fly beneficiaries for Secondary schools

5. STATEMENT OF PROJECT MANAGEMENT RESPONSIBILITIES.

The Principal Secretary for the State Department for Basic Education and the Project Coordinator for the **Promotion of Youth Employment through scholarships Phase II (“Wings to Fly IV”) Project** are responsible for the preparation and presentation of the project’s financial statements, which give a true and fair view of the state of affairs of the project for and as at the end of the financial year ended **on June 30, 2024**.

This responsibility includes; (i) Maintaining adequate financial management arrangement and ensuring that these continue to be effective throughout the reporting period, (ii) Maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the project, (iii) Designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statement, and ensuring that they are free from material misstatements, whether due to error or fraud, (iv) safeguarding the assets of the project, (v) Selecting and applying appropriate accounting policies and, (vi) Making accounting estimates that are reasonable in the circumstances.

The Principal Secretary for the State Department for Basic Education and the Project Coordinator for the **Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”) Project** accept responsibility for the Project financial statements, which have been prepared on the Cash Basis Method of Financial Reporting, using appropriate accounting Policies in accordance with the international Public Sector Accounting Standards.

The Principal Secretary for the State Department for Basic Education and the Project Coordinator for the **Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”) Project** are of the opinion that the Financial statements give a true and fair view of the state of the Project’s transactions during the financial year ended **30 June, 2024** and of the project’s financial position as at that date.

The Principal Secretary for the State Department for Basic Education and the Project coordinator for the **project Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”) Project** further confirm the completeness of the accounting records maintained for the Project, which have been relied upon in the preparation of the project financial statements as well as the adequacy of the systems of internal financial control.

The Principal Secretary for the State Department for Basic Education and the Project coordinator for the **Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”) Project** confirm that the project has complied fully with applicable Government Regulations and the terms of external financing covenants, and that Project funds received during the financial year/period under audit were used for the eligible purposes for which they were intended and were properly accounted for.

***Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024***

Approval of the Project Financial Statements

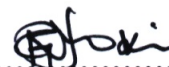
The Project financial statements were approved by the Principal Secretary for Basic Education and the Project Coordinator on 30TH SEPT September, 2024



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Dr. Belio Kipsang
Principal Secretary



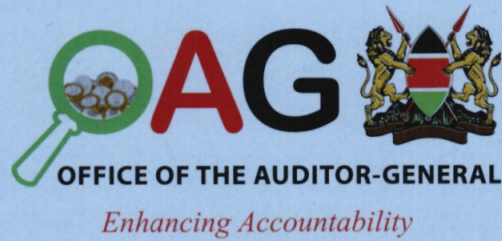
.....
Clare Lokomol
Project Coordinator



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Grace Njoki
Project Accountant
ICPAK Member No:8829

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON PROMOTION OF YOUTH EMPLOYMENT THROUGH SCHOLARSHIPS PHASE II (“WINGS TO FLY IV”) PROJECT NO. BMZ-NO. 2018 67 399 FOR THE YEAR ENDED 30 JUNE, 2024 - STATE DEPARTMENT FOR BASIC EDUCATION

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on the Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on the Lawfulness and Effectiveness in Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on the Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An unmodified opinion does not necessarily mean that an entity has complied with all relevant laws and regulations, is effective in the use of resources, or that its internal control, risk management and governance systems are properly designed and were working effectively in the financial year under review.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012 and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Promotion of Youth Employment through Scholarships Phase II (Wings to Fly IV) Project No. BMZ-No. 2018 67 399 - State Department for Basic Education set out on pages 1 to 17, which comprise of the statement

Report of the Auditor-General on Promotion of Youth Employment through Scholarships Phase II (Wings to Fly IV) Project No. BMZ-No. 2018 67 399 for the year ended 30 June, 2024 - State Department for Basic Education

of financial assets and liabilities as at 30 June, 2024, the statement of receipts and payments, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Promotion of Youth Employment through Scholarships Phase II (Wings to Fly IV) Project No. BMZ-No. 2018 67 399 - State Department for Basic Education (SDBE) as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Cash Basis) and comply with the Public Finance Management Act, 2012 and the Agreement between the KfW Development Bank, Equity Group Foundation and the Government of the Republic of Kenya of 22 March, 2021.

Basis for Opinion

The audit was conducted in accordance with the International Standards for Supreme Audit Institutions (ISSAIs). I am independent of the Promotion of Youth Employment through Scholarships Phase II (Wings to Fly IV) Project No. BMZ-No. 2018 67 399 - State Department for Basic Education Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

The statement of comparison of budget and actual amounts reflects a final receipts budget and actual on comparable basis of Kshs. 175,000,000 and Kshs. 149,757,219 respectively, resulting to underfunding of Kshs.25,242,781 or 14% of the budget.

The underfunding affected the planned activities and may have impacted negatively on service delivery to the public.

My opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Information

Conclusion

The Management is responsible for the other information set out on pages iii to xii which comprise Project Information and Overall Performance, Statement of Performance against Project's Predetermined Objectives, Environmental and Sustainability Reporting and Statement of Project Management Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

Basis for Conclusion

In connection with my audit on the Project financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

REPORT ON THE LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

The audit was conducted in accordance with ISSAIs 3000 and 4000. The Standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON THE EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015 and based on the audit procedures performed, except for the matter described in the Basis for Conclusion on the Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

Weak Controls over Scholarships Award

The statement of receipts and payments reflects other grants and transfers payments of Kshs.149,757,219 as disclosed in Note 2 to the financial statements. The summary of overall project performance indicates that the payment was in respect of three hundred and fifteen (315) learners. However, the following unsatisfactory matters were made:

- i. Management did not provide for audit review evidence that measures were taken to ensure that the scholars were for the intended beneficiaries. Instead, Management relied on information obtained from the consultant (Equity Group Foundation) before approving disbursement of funds;
- ii. Management did not provide current status report of the beneficiaries for audit review;
- iii. Further, there was no budgetary allocation to the implement the Project within the State Department.

In the circumstances, the effectiveness of the internal controls over the award of scholarships could not be confirmed.

The audit was conducted in accordance with ISSAIs 2315 and 2330. The Standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Conclusion

As required by the KfW Development Bank, I report based on my audit, that I have obtained all the information and explanations which, to the best of my knowledge and belief, were necessary for the purpose of the audit. In my opinion:

- i. Information given in the Management report on pages iii to xii is consistent with the financial statements;
- ii. Adequate accounting records have been kept by the Project, so far as appears from the examination of those records; and
- iii. The Project's financial statements are in agreement with the accounting records and returns.

Basis for Conclusion

The KfW Development Bank requires that I report on the legal or regulatory requirements, or on performance information disclosed. These matters require expressing a separate opinion as to the Project's compliance with laws and regulations. I believe that the audit

evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and those Charged with Governance

The Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Cash Basis) and for maintaining effective internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and overall governance.

In preparing the financial statements, Management is responsible for assessing the Project's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

Those charged with governance are responsible for overseeing the Project's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.


Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the INTOSAI Framework of Professional Pronouncements (IFPP). The Framework requires that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with IFPP will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

*Report of the Auditor-General on Promotion of Youth Employment through Scholarships Phase II (Wings to Fly IV)
Project No. BMZ-No. 2018 67 399 for the year ended 30 June, 2024 - State Department for Basic Education*

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015. Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

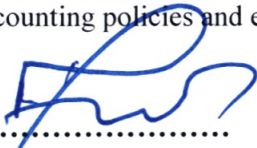
Nairobi

31 October, 2024

7. STATEMENT OF RECEIPTS AND PAYMENTS FOR THE YEAR ENDED JUNE 30, 2024

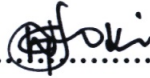
	Note	Receipts and payments controlled by the entity	Payments made by third parties	Total	Cumulative to-date
FY 2023/24					
		Kshs.	Kshs.	Kshs.	Kshs.
Receipts					
Proceeds from domestic and foreign grants	1		149,757,219	149,757,219	149,757,219
Total receipts			149,757,219	149,757,219	149,757,219
Payments					
Other grants and transfers /payments	2.		149,757,219	149,757,219	149,757,219
Total payments			149,757,219	149,757,219	149,757,219
Surplus/ (deficit)			-	-	-

The accounting policies and explanatory notes to these financial statements are an integral part of the financial statements.

.....

 Name: Belio Kipsang
 Principal Secretary

.....

 Name: Clare Lokomol
 Project Coordinator

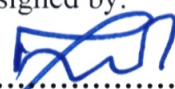
.....

 Name: Grace Njoki
 Project Accountant
 ICPAK Member No:8829

*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

8. STATEMENT OF FINANCIAL ASSETS AND LIABILITIES AS AT JUNE 30, 2024

Description	Note	FY 2023-2024
		Kshs
Financial Assets		
Cash and Cash equivalents		
Bank Balances	3.	
Total Cash and Cash equivalents		
Total Financial Assets		
Financial Liabilities		
Net Assets		
Represented By		
Fund Balance B/fwd.	4.	
Surplus/(Deficit) for the Year		
Net Financial Position		

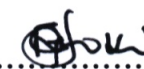
The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The financial statements were approved on 30th SEPT. 2024 and signed by:



Name: Belio Kipsang
Principal Secretary



Name: Clare Lokomol
Project Coordinator



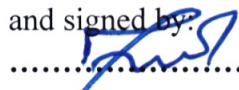
Name: Grace Njoki
Project Accountant
ICPAK Member No:8829


*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

9. STATEMENT OF CASHFLOW FOR THE YEAR ENDED JUNE 30, 2024

Description	Notes	2023-2024
		Kshs
Cashflow from operating activities		
Receipts		
Proceeds from domestic and foreign grants	1	149,757,219
Total receipts		149,757,219
Payments		
Other grants and transfers	2	(149,757,219)
Total Payments		(149,757,219)
Net receipts/(payments)		-
Adjustments during the year		
Net cash flow from operating activities		
Cashflow from investing activities		
Acquisition of non-financial assets		
Net cash flows from investing activities		
Cash flow from financing activities		
Net increase in cash and cash equivalents		
Cash and cash equivalent at beginning of the year	4	-
Cash and cash equivalent at end of the year		

The accounting policies and explanatory notes to these financial statements form an integral part of the financial statements. The entity financial statements were approved on 30th Sept. 2024 and signed by:


 Name: Belio Kipsang
 Principal Secretary

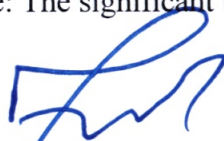

 Name: Clare Lokomol
 Project Coordinator


 Name: Grace Njoki
 Project Accountant
 ICPAK Member No:8829

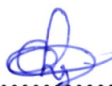
10. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2024

Receipts/Payments Item	Original Budget	Adjustments	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization
	a	B	c=a+b	d	e=c-d	f=d/c %
Receipts						
Proceeds from domestic and foreign grants	-	175,000,000	175,000,000	149,757,219	25,242,781	85.58%
Total Receipts	-	175,000,000	175,000,000	149,757,219	25,242,781	85.58%
Payments						
Other grants and transfers	-	175,000,000	175,000,000	149,757,219	25,242,781	85.58%
Total Payments	-	175,000,000	175,000,000	149,757,219	25,242,781	85.58%
Surplus or Deficit		-	-	-	-	

Note: The significant budget utilisation/performance differences in the last column are explained in Annex 1 to these financial statements.



.....
Name: Belio Kipsang
Principal Secretary



.....
Name: Clare Lokomol
Project Coordinator



.....
Name: Grace Njoki
Project Accountant
ICPAK Member No: 8829

11. Significant Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

a) Statement of compliance and basis of preparation

The financial statements have been prepared in accordance with Cash-basis IPSAS financial reporting under the cash basis of accounting, as prescribed by the PSASB and set out in the accounting policy note below. This cash basis of accounting has been supplemented with accounting for; a) receivables that include imprests and salary advances and b) payables that include deposits and retentions. The financial statements comply with and conform to the form of presentation prescribed by the PSASB.

The accounting policies adopted have been consistently applied to all the years presented.

b) Reporting entity

The financial statements are for Promotion of Youth through Scholarships Phase II (Wings to Fly IV) under the State Department for Basic Education. The financial statements are for the reporting entity Promotion of Youth through Scholarships Phase II (Wings to Fly IV) as required by Section 81 of the PFM Act, 2012 .

c) Reporting currency

The financial statements are presented in Kenya Shillings (Kshs), which is the functional and reporting currency of the Project and all values are rounded to the nearest Kenya Shilling.

d) Recognition of receipts

Promotion of Youth through Scholarships Phase II (Wings to Fly IV) project recognises all receipts from the various sources when the event occurs, and the related cash has been received.

i) Transfers from the Exchequer

Transfer from Exchequer is recognized in the books of accounts when cash is received. Cash is considered as received when payment instruction is issued to the bank and notified to the receiving entity.

Significant Accounting Policies (continued)

ii) External Assistance

External assistance is monies received through grants and loans from multilateral and bilateral development partners.

iii) Other receipts

These include Appropriation-in-Aid and relates to receipts such as proceeds from disposal of assets and sale of tender documents. These are recognized in the financial statements at the time associated cash is received.

iv) Donations and grants

Grants and donations shall be recognized in the books of accounts when cash is received. Cash is considered as received when a payment advice is received by the recipient entity or by the beneficiary. In case of grant/donation in kind, such grants are recorded upon receipt of the grant item and upon determination of the value. The date of the transaction is the value date indicated on the payment advice.

v) Proceeds from borrowing.

Borrowing includes external loans acquired by the Project or any other debt the Project may take and will be treated on cash basis and recognized as a receipt during the year they were received.

vi) Undrawn external assistance

These are loans and grants at reporting date as specified in a binding agreement and relate to funding for the Project currently under development where conditions have been satisfied or their ongoing satisfaction is highly likely and the project is anticipated to continue to completion. An analysis of the Project’s undrawn external assistance is shown in the funding summary.

Significant Accounting Policies (continued)

e) Recognition of payments

The Project recognises all payments when the event occurs, and the related cash has been paid out by the Project.

i) Compensation to employees

Salaries and Wages, Allowances, Statutory Contribution for employees are recognized in the period when the compensation is paid.

ii) Use of goods and services

Goods and services are recognized as payments in the period when the goods/services are consumed and paid for. If not paid for during the period where goods/services are consumed, they shall be disclosed as pending bills.

iii) Interest on borrowing

Borrowing costs that include interest are recognized as payment in the period in which they incur and paid for.

iv) Repayment of borrowing (principal amount)

The repayment of principal amount of borrowing is recognized as payment in the period in which the repayment is made. The stock of debt is disclosed as an annexure to the consolidated financial statements.

v) Acquisition of fixed assets

The payment on acquisition of property plant and equipment items is not capitalized. The cost of acquisition and proceeds from disposal of these items are treated as payments and receipts items respectively. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration and the fair value of the asset can be reliably established, a contra transaction is recorded as receipt and as a payment. A fixed asset register is maintained by each public entity and a summary provided for purposes of consolidation. This summary is disclosed as an annexure to the consolidated financial statements.

f) In-kind donations

In-kind contributions are donations that are made to the Project in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, the Project includes such value in the statement of receipts and payments both as receipts and as payments in equal and opposite amounts; otherwise, the contribution is not recorded.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

h) Restriction on cash

Restricted cash represents amounts that are limited/restricted from being used to settle a liability for at least twelve months after the reporting period. This cash is limited for direct use as required by stipulation. Amounts maintained in deposit bank accounts are restricted for use in refunding third part deposits.

Significant Accounting Policies (Continued)

i) Imprests and Advances

For the purposes of these financial statements, imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year is treated as receivables. This is in recognition of the government practice where the imprest payments are recognized as payments when fully accounted for by the imprest or AIE holders. This is an enhancement to the cash accounting policy. Other accounts receivables are disclosed in the financial statements.

j) Contingent Liabilities

A contingent liability is:

- a) A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity; or
- b) A present obligation that arises from past events but is not recognised because:
 - i) It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
 - ii) The amount of the obligation cannot be measured with sufficient reliability.

Some of contingent liabilities may arise from: litigation in progress, guarantees, indemnities. Letters of comfort/ support, insurance, Public Private Partnerships, The Entity does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

k) Contingent Assets

The project does not recognize a contingent asset, but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the project in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

Significant Accounting Policies (Continued)

Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset’s value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

l) Pending bills

Pending bills consist of unpaid liabilities at the end of the financial year arising from contracted goods or services during the year or in past years. As pending bills do not involve the payment of cash in the reporting period, they recorded as ‘memorandum’ or ‘off-balance’ When the pending bills are finally settled, such payments are included in the statement of receipts and payments in the year in which the payments are made.

m) Budget

The budget is developed on a comparable accounting basis (cash basis), the same accounts classification basis (except for accounts receivable - outstanding imprest and clearance accounts and accounts payable - deposits, which are accounted for on an accrual basis), and for the same period as the financial statements. The Project’s budget was approved as required by Law and National Treasury Regulations, as well as by the participating development partners, as detailed in the Government of Kenya Budget Printed Estimates for the year. The Development Projects are budgeted for under the MDAs but receive budgeted funds as transfers and account for them separately. These transfers are recognised as inter-entity transfers and are eliminated upon consolidation. A high-level assessment of the Project’s actual performance against the comparable budget for the financial year/period under review has been included in an annex to these financial statements.

n) Third party payments

Included in the receipts and payments, are payments made on its behalf by to third parties in form of loans and grants. These payments do not constitute cash receipts and payments.

and are disclosed in the payment to third parties’ column in the statement of receipts and payments.

o) Exchange rate differences

The accounting records are maintained in the functional currency of the primary economic environment in which the Project operates (Kenya Shillings). Transactions in foreign currencies during the year/period are converted into the functional currency using the exchange rates prevailing at the dates of the transactions. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statements of receipts and payments.

p) Comparative figures

Where necessary comparative figures for the previous financial year/period have been amended or reconfigured to conform to the required changes in financial statement presentation.

q) Subsequent events

There have been no events subsequent to the financial year/period end with a significant impact on the financial statements for the year ended June 30, 2024.

r) Prior period adjustments

Prior period adjustments relate to errors and other adjustments noted arising from previous year. During the year under review, there were no prior year adjustments.

12 .NOTES TO THE FINANCIAL STATEMENTS

1. Proceeds From Domestic and Foreign Grants

During the financial period to June 30, 2024, we received grants from donors as detailed in the table below:

Name of Donor	Date received	FY2023-2024					Cumulative to date
		Amount received in donor currency	Grants received in cash	Grants received as direct payment*	Grants received in kind	Total amount	
		Euro	Kshs	Kshs	Kshs	Kshs	
Grants Received from Multilateral Donors (International Organizations)							
KFW-Germany		894,302	-	149,757,219	-	149,757,219	149,757,219
Total		894,302	-	149,757,219	-	149,757,219	149,757,219

(* The direct payment grants represent payments for goods and services done directly by the donor on behalf of the project).

*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Notes to the Financial Statements (Continued)

2. Other Grants, Transfers and Payments

Description	FY 2023-2024			Cumulative to-date
	Payments made in Cash	Payments made by third parties	Total payments	
	Kshs	Kshs	Kshs	Kshs
Grants for scholarships	-	149,757,219	149,757,219	149,757,219
Total	-	149,757,219	149,757,219	149,757,219

3. Cash And Cash equivalents

Description	FY 2023-2024
	Kshs
Bank accounts (Note 11A)	
Cash in hand (Note 11B)	
Cash equivalents (short-term deposits) (Note 11C)	
Total	=

*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
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4. Fund Balance Brought Forward

Description	FY 2023-2024
	Kshs
Bank accounts	
Total	-

*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures (Continued)

1. External Assistance

	FY 2023-2024
Description	Kshs
External assistance received as grants	149,757,219
	-
Total	149,757,219

a). External assistance relating loans and grants

	FY 2023-2024
Description	Kshs
External assistance received as grants	149,757,219
Total	149,757,219

b) Undrawn external assistance

	Purpose for which the undrawn external assistance may be used	FY 2023-2024
Description		Kshs
Undrawn external assistance – grants	Provision for Scholarships	749,583,881
Total		749,583,881

*Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024*

Other Important Disclosures (Continued)

c) Classes of providers of external assistance

	FY 2023-2024
Description	Kshs
Multilateral donors	149,757,219
Total	149,757,219

e Purpose and use of external assistance

Payments made by third parties	FY 2023-2024
Description	Kshs
Other grants and transfers (Scholarships)	149,757,219
	-
Total	149,757,219

Promotion of Youth Employment through Scholarships Phase II (“Wings to Fly IV”)
Annual Report and Financial Statements for the financial year ended June 30, 2024

Annex 1: Variance explanations - Comparative Budget and Actual amounts for Current FY

	Final Budget	Actual on Comparable Basis	Budget Utilization Difference	% of Utilization	Comments on Variance (below 90% and over 100%)
	a	b	c=a-b	d=b/a %	
Receipts					
Proceeds from domestic and foreign grants	175,000,000	149,757,219	25,242,781	85.58%	The project received the funds during the supplementary budget, Being the 1 st year of implementation at the Ministry.
Total Receipts	175,000,000	149,757,219	25,242,781	85.58%	
Payments					
Other grants and transfers	175,000,000	149,757,219	25,242,781	85.58%	
Total payments	175,000,000	149,757,219	25,242,781	85.58%	